GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:7030
ANSWERED ON:13.05.2002
RETIREMENT BENIFITS TO EMPLOYEES OF INDIAN AIRLINES
A. VENKATESH NAIK

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether a large number of employees of the Indian Airlines retired on February 29, 2000 as a result of the reduction of the retirement age from 60 years to 58 years;

(b) if so, whether payments of arrears and pension to these employees have not been made so far;

(c) if so, the reasons therefor;

(d) whether the salary revision as per the recommendations of the Justice Mohan Singh Committee, is being delayed intentionally to avoid payment of arrears and revised pension by implementing from a later date; and

(e) if so, the reasons therefor?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SYED SHAHNAWAZ HUSSAIN)

(a): 823 employees of Indian Airlines retired on 29th February,2000 as a result of rolling back of retirement age from 60 years to 58 years.

(b) and (c): It was agreed with Unions/Association in the wage agreements that arrears arising out of the setlement will be paid in suitable instalments, subject to availability of funds. Accordingly, serving as well as the retired employees are being paid arrears in instalments depending upon the cash position of the company. The Pension Scheme in Indian Airlines is a self contributing Scheme managed by a Trust with Indian Airlines contribution being limited to Rs.100/- per annum for all employees. Though, the scheme was introduced w.e.f. 1st April, 1994, the monthly contribution from the employees commenced in May,1998. At the time of the commencement of the Scheme, the members` contribution was around Rs.1 crore per month and there were more than 1550 retired employees eligible for pension. The estimated amount required for buying annuities for all these employees was around Rs.55 crores. Therefore, it was decided by the Trust that the pension be offered to the retirees in phases, subject to the accumulation of funds.

Annuities have been purchased in respect of employees who have retired upto April,1998 and have complied with all requirements.

With the increase in cost of annuity by LIC w.e.f. July, 2000 and the precarious funds position with the Trust, the Trustees decided that no further annuity be purchased till amendments are made in the Scheme to make it viable. Accordingly, certain amendments were made in the Scheme and the same have been sent to the Income Tax Department for approval.

The Board of Directors of Indian Airlines had also constituted a Committee to work out a long term solution for the viability of the Scheme. The Committee has given certian suggestions which are under consideration.

(d) and (e): The recommendations of Justice Mohan Committee Report are under consideration in Indian Airlines.